

## Message Text

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15

ACTION EB-11

INFO OCT-01 EA-11 ISO-00 OMB-01 CIAE-00 DODE-00 INR-10

NSAE-00 PA-04 RSC-01 USIA-15 PRS-01 SPC-03 COME-00

TRSE-00 PM-07 NSC-10 SS-20 L-03 FMC-04 SCEM-02 NEA-10

DRC-01 /115 W

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R 120840Z DEC 73

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 8701

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E.O. 11652: N/A

TAGS: ETRN, ENRG, JA

SUBJ: SHIP BUNKER SITUATION

REF: TOKYO 15891

PASS FMC

SUMMARY: JAPANESE REFINERS HAVE REPORTEDLY DECIDED ON PLAN OF ALLOCATION OF BUNKER FUEL TO JAPANESE AND FOREIGN FLAG VESSELS FOR DECEMBER. DOMINANT ROLE OF TRADING COMPANIES IN MARKETING OF BUNKERS, HOWEVER, HAS RESULTED IN CONSIDERABLE UNCERTAINTY RE SUPPLY AVAILABILITY. US FLAG VESSELS STILL RECEIVING NORMAL BUNKER REQUIREMENTS IN JAPAN. SERIOUS CONCERNS PERSIST OVER EXPECTED DISLOCATIONS TO TRADE FROM WORLDWIDE BUNKER SHORTAGES. END SUMMARY.

1. ON DECEMBER 10 ECON/COUNS DISCUSSED SHIP BUNKER SITUATION WITH ARIYOSHI, CHAIRMAN OF NYK LINES AND LEADING MEMBER OF JAPANESE SHIPPING COMMUNITY. ARIYOSHI TOLD ECON/COUNS THAT PETROLEUM ASSOCIATION OF JAPAN (PAJ-I.E. DOMESTIC REFINERS) HAD DECIDED ON DECEMBER 7 ON FOLLOWING ALLOCATION OF BUNKERS IN JAPAN FOR MONTH OF DECEMBER:

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(A) ENTIRE REQUIREMENT (AMOUNT NOT SPECIFIED) FOR TANKERS.

ARIYOSHI SAID THAT WHEREAS TANKERS USED TO TAKE BUNKERS SUFFICIENT FOR TRIP TO PERSIAN GULF, WHERE THEY TOOK ADDITIONAL BUNKERS FOR RETURN VOYAGE, AT LEAST SOME TANKERS ARE NOW TAKING TWICE NORMAL AMOUNT OF BUNKERS IN ORDER TO MAKE ROUND TRIP WITHOUT REFUELING IN PERSIAN GULF. HE WAS UNCERTAIN WHETHER THIS HAD BEEN TAKEN INTO ACCOUNT BY PAJ.

(B) 800,000 KILOS FOR JAPANESE SHIPS CARRYING DRY CARGO. THIS IS ESTIMATED AT 90 PERCENT OF NORMAL REQUIREMENTS.

(C) 300,000 KILOS FOR FOREIGN VESSELS. ARIYOSHI VOLUNTEERED THAT GOJ HAS FIRMLY STATED THAT THERE WILL BE NO DISCRIMINATION AGAINST FOREIGN VESSELS. HOWEVER, ARIYOSHI BELIEVED THAT ALLOCATION WAS LOW IN RELATION TO HIS ESTIMATE OF AVERAGE MONTHLY REQUIREMENTS OF AROUND 500,000 KILOS, EVEN TAKING INTO ACCOUNT PAJ'S ASSUMPTION THAT VOLUME OF SHIPPING WILL BE REDUCED BY WORLDWIDE ECONOMIC DISLOCATIONS.

2. EMBASSY HAS BEEN UNABLE THUS FAR TO VERIFY WITH PAJ ALLOCATION PROGRAM DESCRIBED BY ARIYOSHI. HOWEVER, LOCAL PRESS REPORTED ROUGHLY COMPARABLE FIGURES DECEMBER 7.

3. WHILE ARIYOSHI BELIEVED ABOVE ALLOCATIONS (WITH POSSIBLE EXCEPTION OF THAT FOR FOREIGN VESSELS) WERE REASONABLE, HE EXPRESSED DOUBT THAT PLANS OF PAJ WOULD IN FACT BE CARRIED OUT. ARIYOSHI ESTIMATED THAT ONLY ABOUT 20 PERCENT OF BUNKERING IS HANDLED DIRECTLY BY REFINERIES AND REMAINING 80 PERCENT MARKETED BY JAPANESE TRADING COMPANIES. NYK'S EXPERIENCE IS THAT AMOUNT OF BUNKERS MADE AVAILABLE BY TRADING COMPANIES VARIES CONSIDERABLY AND DEPENDS ON SEVERAL FACTORS, INCLUDING RELATIONSHIP BETWEEN SHIPPING LINE AND TRADING COMPANY.

4. IN FOLLOW UP TO SPOT CHECK OF US FLAG LINES (TOKYO 15593) EMBASSY AGAIN FOUND NO BUNKERING PROBLEMS IN JAPAN. BUNKERING REQUIREMENTS APPARENTLY ARE CONTRACTED WITH US OIL COMPANIES IN US AND THUS FAR NORMAL REQUIREMENTS HAVE BEEN AVAILABLE, ALTHOUGH OCCASIONALLY WITH DELAYS.

5. RE AVAILABILITY OF BUNKERS IN FOREIGN PORTS, ARIYOSHI REPORTED THAT NYK'S VESSELS HAD EXPERIENCED DELAYS AND HIGH PRICES BUT NO REFUSALS AS YET. HE SPECIFICALLY MENTIONED DELAYS OF ABOUT FOUR DAYS IN SINGAPORE, HONG KONG AND CRISTOBAL LIMITED OFFICIAL USE

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AND PRICES OF ABOUT \$55 PER TON IN SINGAPORE AND \$40 AT CRISTOBAL FOR DESIRED QUANTITIES OF BUNKERS.

6. IN THIS CONNECTION, MOT REPORTED THAT AS OF DECEMBER 10, 26 OCEAN-GOING SHIPS OPERATED BY JAPANESE SHIPPING FIRMS (INCLUDING 14 CHARTERED VESSELS) WERE STRANDED BECAUSE OF BUNKER SHORTAGE. OF THESE 19 WERE STRANDED IN JAPAN AND 7 ABROAD. MOT FURTHER STATED THAT 19 OF 26 VESSELS HAD BEEN STRANDED

FOR SOME TIME -- 14 IN JAPAN AND 5 ABROAD.

7. IN RESPONSE TO QUESTION, ARIYOSHI STATED THAT JAPANESE CONTAINER VESSELS NOW TRAVELING AT TWO KNOTS LESS THAN NORMAL SPEED, RESULTING IN 15 PERCENT FUEL SAVING. HE SAID THAT AGREEMENT TO REDUCE SPEEDS HAD BEEN CONCLUDED AMONG GROUPS OF LINES (ALL NATIONALITIES) HANDLING CONTAINER TRADE TO DIFFERENT AREAS.

8. ARIYOSHI OPINED THAT OIL CRISIS HAD GIVEN IMPETUS TO HIS LONG STANDING EFFORTS TO RATIONALIZE JAPANESE SHIPPING OPERATIONS. HOWEVER, HE DID NOT SPECIFY WHAT ACTION MIGHT BE TAKEN IN THIS AREA. WITH RESPECT TO FREIGHT POOL (TOKYO 14974), HE SAID THAT GOJ WAS PUTTING TOGETHER FORMAL REQUEST FOR FORWARDING TO FMC. HOWEVER, TOMITA (MOT SHIPPING BUREAU'S INTERNATIONAL DIVISION HEAD) TOLD ECON/COUNS HE DID NOT KNOW WHEN APPLICATION WOULD BE READY FOR SUBMISSION.

9. JAPANESE BUSINESSMEN AND GOVERNMENT OFFICIALS CONTINUE TO EXPRESS SERIOUS CONCERN, WHICH IS ALSO REFLECTED IN PRESS, THAT BUNKER SHORTAGES IN JAPAN AND ABROAD WILL RESULT IN SIGNIFICANT DISLOCATIONS TO JAPANESE TRADE. THUS FARE, HOWEVER, EFFECTS DO NOT APPEAR TO HAVE BEEN SUBSTANTIAL.  
SHOESMITH

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## Message Attributes

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**Decaption Date:** 01 JAN 1960  
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**Disposition Approved on Date:**  
**Disposition Authority:** golinofr  
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**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
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